



## **IRISH LIFE INVESTMENT MANAGERS (ILIM)**

### ***The week that was – WEEK 05 (ending 29/01/2016)***

**"A man's errors are his portals of discovery." – James Joyce**

**Central Bank forecasts Irish economy to grow at 4.8% in 2016** – In its latest quarterly bulletin the Central Bank forecast GDP would grow by 4.8% this year, slightly above its previous forecast of 4.7%, followed by growth of 4.4% in 2017. It said the recovery in domestic demand will continue to be the main driver.

**Global stock markets rally further** – The world stock market had a second positive week in succession to reduce the effect of the dismal start to 2016. The global stock market was up nearly 3% with the year-to-date fall now registering minus 5.5% in local currency terms compared to just over minus 10% during the month.

**BoJ's surprise introduction of negative interest rate QQE** – The Introduction of 'Quantitative and Qualitative Monetary Easing (QQE) with a Negative Interest Rate' by the Bank of Japan means that they will apply a negative interest rate of minus 0.1% for certain monies deposited with them by financial institutions.

**U.S. Q4 GDP growth slows** – Figures reported by the U.S. Commerce Department show that gross domestic product rose at a 0.7% annualised rate in the 4<sup>th</sup> Quarter of 2015 compared to 2% in Q3. This led to some expectations that the U.S. Federal Reserve may be tempted to go slower on future interest rate hikes.

**ECB chief defends QE** – In a staunch support of the European Central Bank's quantitative easing policy, Mario Draghi defended the decision to cut rates to record lows and buy financial assets, saying the bigger risk was 'doing nothing'. He said borrowing costs had fallen by 80 basis points since its launch in 2014.

**U.K. house prices rose 0.3% m/m in January** – The U.K. Nationwide House Price Index shows house prices rose 0.3% on the month and were up 6.8% on the year in January after a 7.2% annual rise in the previous month. January was the fifth consecutive month in which year-on-year house price inflation eased.

**The Story of the week:** Two amateur sailors, Bob Weise and Steve Shapiro, attempting to sail their boat, named Nora, from Norway to the U.S. have had to call on rescue services for the ninth time in seven months! They have had to be rescued in Norwegian, Danish, Scottish, English, and Irish (both North and South) waters after hitting trouble.

#### **DISCLOSURE:-**

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## Index Performances and Market Data\*

<b>Equity Markets % (in Local Currency)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD (to 29/01)</b>
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-8.4
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	-2.5
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-6.7
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	-5.0
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	-7.8
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-8.0
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	-5.3
MSCI World	-7.6	13.1	26.2	7.7	0.2	-5.5
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
US	1.9	1.7	3.0	2.2	2.2	1.9
German	1.8	1.4	1.9	0.5	0.6	0.3
UK	2.0	1.9	3.0	1.9	1.9	1.6
Japan	1.0	0.7	0.7	0.3	0.2	0.0
Ireland	8.4	4.5	3.4	1.3	1.1	0.8
Italy	7.1	4.6	4.1	2.1	1.6	1.4
Greece	31.7	12.7	8.2	9.6	7.9	9.1
Portugal	13.4	6.9	6.1	2.7	2.5	2.8
Spain	5.1	5.4	4.1	1.6	1.7	1.5
<b>Central Bank Rates (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
ECB	1	0.75	0.25	0.05	0.05	0.05
Bank of England	0.5	0.5	0.25	0.50	0.50	0.50
US Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
<b>Foreign Exchange Rates</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
Euro/Dollar (€/\$)	1.30	1.31	1.37	1.21	1.09	1.08
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.76
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.43
<b>IPD All Property Return (%)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Ireland	-2.4	-2.4	3.1	12.7	40.1	20.2 (to end of Q3)
UK	14.5	8.1	2.7	10.7	17.8	9.9 (to end of Q3)
US	14.8	14.5	5.3	11.4	11.2	7.9 (to end of Q3)

\*Past performance is not a reliable guide to future performance